

Can green taxation trigger plug-in hybrid electric vehicle acquisition?

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EuroMed Journal of Business (2019) 14 (2): 168–186.

<https://doi.org/10.1108/EMJB-09-2018-0055> Article history 

Purpose

The purpose of this paper is to analyse to what extent financial incentives under the green tax reform introduced in Portugal in 2014 drive behaviours of acquiring a plug-in hybrid electric vehicle (PHEV).

Design/methodology/approach

The existent literature identifies a number of factors that influence the interest for PHEV acquisition, including access to financial incentives. However, empirical evidence is not clear as to which factors are more relevant. The authors extend an existent theoretical model of five factors by including ten factors. On this basis, the study carries out a survey and develops a structural equation model to investigate what drives the interest to acquire a PHEV.

Findings

Financial incentives are superior to other factors in explaining the interest in acquiring a PHEV. Education, lower income levels, living in larger cities and driving smaller vehicles shape the interest on these vehicles differently. Financial incentives were found to closely offset the difference in price between conventional vehicles and plug-in hybrids.

Social implications

This study finds that public policies can be powerful in shaping consumers' behaviour, although the amount of the financial incentive is key to triggering a large-scale effect.

Originality/value

The survey in this study allows an in-depth and *ex ante* analysis of the interest in acquiring PHEV under a green tax reform, taking into account other dimensions and socio-economic variables not accounted for in existent studies.

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